



COMMONWEALTH of VIRGINIA

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Secretary of Transportation

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February 23, 2004

Mr. Philip A. Shucet
Commonwealth Transportation Commissioner
1401 East Broad Street, Third Floor
Richmond, Virginia 23219

Dear Commissioner Shucet:

The I-81 PPTA Advisory Panel recommends that you enter into negotiations with STAR Solutions [STAR] for a Comprehensive Agreement for improvements to I-81. This recommendation is based on the several findings and conditions listed below, and comes to you based on the evaluation and consideration of criteria listed in the request for conceptual proposals, presentations made and information gathered by the Advisory Panel, locality comments, and general public comments. While both proposals meet the five sets of criteria established in the solicitation (qualifications and experience, project characteristics, project financing, public support, and project compatibility), the STAR proposal, on balance, comes closer to meeting the long-term needs of the corridor and relies on a more diversified, achievable financing program.

Background

In early 2002, STAR submitted an unsolicited proposal to the Virginia Department of Transportation [VDOT] for improvements to the I-81 corridor. VDOT returned this proposal to STAR and, in the interest of promoting price competition, a competition of ideas, and multi-modal solutions in the corridor, solicited conceptual proposals for improvements to the I-81 corridor in Virginia. (See Appendix A.)

In January 2003, STAR and Fluor-Virginia [Fluor] submitted conceptual proposals in accordance with the VDOT solicitation (both conceptual proposals are available on the VDOT website). In February and March of 2003, an Initial Review Committee composed of VDOT staff reviewed both conceptual proposals and recommended that both proposals be advanced to the detailed stage.

In March 2003, the Commissioner agreed with the findings of the Initial Review Committee and requested that both proposals be advanced to the detailed stage for further evaluation. In March 2003, the Commonwealth Transportation Board formally approved both conceptual proposals. (See Appendix B.)

In September 2003, both STAR and Fluor submitted detailed proposals to VDOT (both detailed proposals are available on the VDOT web site). Both proposals were evaluated by the Panel (Appendix C), consistent with the terms of the original solicitation. The Panel met five times, with one session devoted exclusively to public comment. The Panel received over 400 written comments on the proposals. Approximately 250 citizens attended the public comment sessions on January 15, 2004; of those, approximately 74 presented verbal testimony at one of four sites across the Commonwealth. The minutes of each of the Panel meetings are contained in Appendix D.

While all of the materials provided to the Panel are available on the I-81 website, the following are attached to assist your understanding of the two proposals and the advisory recommendations of the Panel itself:

- VDOT short summary of both proposals (Appendix E)
- VDOT summary of local government comments (Appendix F)
- VDOT financial evaluation of both proposals (Appendix G)
- VDOT engineering evaluation of both proposals (Appendix H)
- DRPT summary of I-81 marketing (rail diversion) study (Appendix I)
- DRPT summary of toll impact analysis (Appendix J)
- 2001 Secretary of Transportation rail diversion report (Appendix K)
- 2000 I-81 Safety Task Force Report (Appendix L)
- FHWA letters on Interstate tolling (Appendix M)
- FHWA/VDOT environmental streamlining agreement (Appendix N)

Findings of the Advisory Panel

- Both proposals generally meet the criteria established in the 2002 solicitation (see Appendices G and H.)
- The I-81 corridor is in need of immediate and long-term improvements to address safety and congestion problems in the corridor. The volume and ratio of commercial trucks contribute to these problems. The STAR proposal appears to come closer to meeting the long-term needs of the I-81 corridor, based on the likely, long-term need for at least an eight-lane facility. However, the ultimate determination of need in this corridor will be made through the NEPA process. (See Appendices H, K, and L.)

- The future volume and ratio of commercial trucks in the I-81 corridor require special attention. Truck separation, as proposed by STAR, is an innovative approach to directly addressing this issue. However, the ultimate determination of the need for truck separation in this corridor will be made through the NEPA process. (See Appendix N.)
- Major improvements to the I-81 corridor will not occur through traditional highway financing techniques. Some form of dedicated toll revenue is the only reliable way to address the very substantial capital needs of the I-81 corridor. An exclusive reliance on tolls, however, could work against the financial, transportation, and economic development goals of the Commonwealth. Any tolling structure must be designed to promote the overall transportation goals of the corridor and the Commonwealth, and to avoid or mitigate any negative economic or community impacts. Achieving these goals likely will require federal and state financial support, in addition to toll revenues. (See Appendices G, I, and J.)
- As a matter of equity, all classes of vehicles (cars as well as trucks) should be tolled. In addition, a broad-based toll-structure can help to mitigate the effects of a truck-only (or a car-only) tolling structure.
- An inappropriate "non-compete" agreement could compromise the ability of VDOT to meet its basic missions of mobility and safety.
- Both tolling proposals divert traffic from I-81, although the impacts of those diversions vary between the two proposals. The proposed STAR toll rate for trucks is too high, diverting at least 20% of trucks and imposing economic development costs on the region. The proposed Fluor toll rate for cars diverts 25% to 34% of passenger vehicles from I-81 to parallel and local facilities. (See Appendices H and J, and Appendix 14 of the Fluor proposal).
- The FHWA has determined that I-81 toll revenues cannot be used to support freight rail improvements that benefit the corridor. An integrated, substantial commitment to freight rail investments in Virginia and the entire "Northeast to Southwest" corridor is an essential component of any comprehensive solution to the transportation problems in the I-81 corridor. (See Appendices I, K, and M.)
- The economic development impacts of tolling on I-81 are not fully understood. For truck tolls, there may be an optimal tolling structure that minimizes local truck diversions, minimizes local economic impacts, and maximizes the use of separated truck lanes. Such a tolling structure should be thoroughly investigated as part of any comprehensive agreement or any related or subsequent studies. The economic impacts of car tolls in this corridor have yet to be analyzed. (See Appendices F, I, and J.)

- The environmental impacts of any improvements to the I-81 corridor will be assessed through the independent NEPA process. No improvements to the corridor can occur unless they are part of a federally approved Environmental Impact Statement [EIS] or other NEPA document. (See Appendix N.)
 - If the selected PPTA proposal is not consistent with the final environmental document, it should not proceed further. This is a substantial risk that should be borne entirely by the proposers.
 - Legitimate concerns have been raised about increased storm water runoff, the historic, cultural, and aesthetic impacts of improvements to the I-81 corridor, and the indirect consequences of enhanced highway capacity (e.g. "rural sprawl"). In addition, several key Civil War Battlefields are in the I-81 corridor, and deserve careful consideration and protection under NEPA.
- The Fluor proposal has an apparent cost advantage over the detailed STAR proposal. However, this advantage is based on the Fluor six lane typical section, significantly less reconstruction of existing pavements. (See Appendix H.)
- The detailed STAR proposal is not financially viable without significant and direct federal aid, estimated at \$800 million over the next six years and \$1.6 billion over the life of the project. (See Appendix G.)
- The timing and phasing of improvements in the corridor deserves considerable attention. Phasing of transportation improvements in the I-81 corridor should be based on transportation and community need, rather than revenue maximization or ease of construction—in short, the first phase of construction should go where it is most needed, and no phase should be allowed to proceed without an approved and guaranteed source of funding. (See Appendices H and L.)
- Given the potential duration of this construction project, additional consideration should be given to interim improvements that improve safety and relieve congestion. (See Appendix L.)

Conditions Recommended by the Advisory Panel

1. The Advisory Panel recommends that the Comprehensive Agreement clearly describe the requirements of the NEPA process and clearly provide that the Comprehensive Agreement, or any subsequent design-build agreements, should not be implemented if they are inconsistent with the final environmental document. The Advisory Panel also recommends that the Comprehensive Agreement should clearly provide that if the Comprehensive Agreement cannot be implemented due to NEPA requirements, the cost of developing and negotiating the PPTA proposals should be borne by the proposer.

2. The Advisory Panel recommends that the Comprehensive Agreement consider an eight-lane facility in the I-81 corridor and implement truck separation improvements as proposed by STAR, provided that this is consistent with the final NEPA document.
3. The Advisory Panel recommends that the Comprehensive Agreement be contingent on certification by the Federal Highway Administration, by December 1, 2004, that at least \$800 million in Federal Highway funds specifically for truck separation are available to this project over the next six years, and that such funds shall not supplant or diminish federal transportation obligations and authorizations otherwise available to Virginia in that period. In addition, the Advisory Panel recommends that complete implementation of the Comprehensive Agreement be contingent on a total of \$1.6 billion in direct, federal funding for truck separation in this corridor, and that such funding not supplant or diminish federal transportation obligations and authorizations otherwise available to Virginia over the life of the project.
4. The Advisory Panel recommends that the Comprehensive Agreement be based on an independent toll and diversion analysis to establish a tolling framework that:
 - tolls both passenger vehicles and commercial trucks
 - minimizes car and truck diversions to Virginia Interstate, Primary, and Secondary Highways
 - recognizes the different classes of vehicles and trip lengths, and the different levels of diversion for each
 - recognizes the potential impacts on existing and future economic activity in the corridor
 - complies with state and federal law
5. The Advisory Panel recommends that the Comprehensive Agreement incorporate the most cost-effective rail improvements, and that the Comprehensive Agreement contain clear, quantifiable accountability measures and appropriate cost sharing with the affected private rail companies.

6. The Advisory Panel recommends that the Comprehensive Agreement incorporate a phased implementation plan based on (1) addressing the most serious congestion and safety problems first and (2) a conservative financing plan that incorporates the toll structure based on the previous condition. Each individual construction phase should be financially independent and feasible. In addition, the Advisory Panel recommends that such a phased implementation plan address the need for immediate safety and congestion improvements and consider the potential application of advanced tolling technologies to better manage existing truck traffic (e.g. speed monitoring), better speed enforcement, and better lane management techniques.
7. The Advisory Panel recommends that the Comprehensive Agreement avoid, to the extent practicable, any "non-compete" clauses that would compromise the ability of the Commonwealth to meet its basic missions of mobility and safety.

Additional Policy Recommendations of the Advisory Panel

1. The Advisory Panel recognizes the value of additional investments in the freight rail network, both short and long term. However, the Federal Highway Administration has ruled that interstate highway tolls may not be used to support freight rail improvements in this corridor. The Advisory Panel therefore recommends that the Commonwealth Transportation Board evaluate, as part of the FY 05-10 Six Year Program, the independent utility of freight rail improvements that would reduce the number of trucks on I-81. Any commitment of public funds for these purposes should include clear, quantifiable accountability measures and appropriate cost sharing with the affected private rail companies.
2. The Advisory Panel further recognizes that any substantial reduction of truck traffic from I-81 by diversion of freight to rails must come from multi-state participation to create longer haul options by rail and switching improvements to increase speed and capacity. The Panel urges the Secretary of Transportation lead a coalition of all states served by the north-south corridor to use their collective influence, at the highest level, to obtain federal assistance for needed rail improvements.
3. The Advisory Panel recommends that the Secretary of Transportation support efforts to allow all vehicles in the I-81 corridor to be tolled. A fair and equitable tolling structure is the best way to avoid or minimize negative economic development impacts.
4. Recognizing the importance of the historic, cultural, scenic, and environmental resources within the I-81 corridor, the Advisory Panel recommends to the Commonwealth Transportation Board that the preservation and enhancement of these resources be recognized as an important priority in the development of any I-81 improvements by:

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- minimizing the footprint of, and right-of-way requirements for, any I-81 improvements
- minimizing the number and the visual impacts of elevated structures in the I-81 corridor and incorporate best design and aesthetic practices in these structures
- considering the importance of other planned and future highway improvements as a way of minimizing the need for I-81 improvements (e.g. Harrisonburg Bypass).
- considering the use of land acquisition techniques (e.g. scenic or conservation easements, intergovernmental agreements, etc.) to avoid both unsightly development and future transportation costs to serve poorly planned commercial development in and around interchanges

It is our hope that these recommendations will be helpful to you in your deliberations and decision making. Enclosed with this letter are two letters from Panel members highlighting their individual concerns and questions. Should you wish the Advisory Panel to re-convene, due to changed circumstances or additional inquiries, we would be happy to do

It is my pleasure to sign this letter on behalf of the Advisory Panel, and I appreciate the opportunity to work with each member of the Panel to improve the quality of life in the Commonwealth.

Sincerely,

Original with signature on file in the
Secretary of Transportation's Office.

Pierce R. Homer
Advisory Panel Chair

PRH:es

Attachments

- Individual Letters
- Appendices A through N

Copy: The Honorable Whittington W. Clement
Advisory Panel